

CITY OF WASECA

BUSINESS SUBSIDY POLICY

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: **Waseca City Council**

Date of Adoption: **August 15, 2003**

Date of Public Hearing: **August 15, 2003**

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BUSINESS SUBSIDY POLICY

1. Purpose

The purpose of this policy is to guide Waseca County's use of business subsidies, as defined in Minnesota Statutes 116J.993, subdivision 3, for private development. This policy shall be used for processing and reviewing applications requesting business subsidies.

The county shall have the option of amending or waiving sections of this policy when determined necessary or appropriate. Amendments are subject to public hearing requirements pursuant to Minnesota Statutes, Section 116J.993 through 116J.995.

2. Statutory Limitations

requests must comply
ity to grant business
subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

3. Public Policy Requirement

3.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

4. Business Subsidy Approval Criteria

4.01 The following requirements and guidelines will be considered by Waseca County when reviewing applications for business subsidies, in accordance with Minnesota Statutes. The benefits to the county must be at least equal to the costs of the business subsidy. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.

4.02 The business subsidy shall be provided within debt limit guidelines, and other appropriate financial requirements and policies. The project must meet one or more of the following:

- a) increase or preserve tax base (must provide at least one other benefit)
- b) create or retain long-term, permanent jobs (retention considered only when job loss is imminent)
- c) provide or help acquire or construct public facilities

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- d) help develop or renew blighted areas
- e) help provide access to services for residents of the county
- f) retain the business if it is at risk of relocating outside of the county

The project must comply with any applicable Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances must be under active consideration at the time of approval.

Business subsidies may not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. Prior to consideration of a business subsidy request, the County may undertake an independent review of the project to help ensure that the request for assistance is valid and that the project would not succeed without the subsidy.

Any developer requesting a business subsidy should be able to demonstrate past successful general development capability, specific capability in the type and size of development proposed, capability to meet its financial commitment to the project and complete it in a timely manner.

- 4.06 The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and if applicable, to initiate repayment of the business subsidy. If the project ownership changes, any obligations for repayment shall become the responsibility of the new owner.

A recipient of business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five (5) years after the benefit begins.

The level of business subsidy funding should be the lowest amount feasible and shortest period of time by maximizing the use of private debt and equity financing first, and then using other funding sources or income producing vehicles that can be structured into the project financing, prior to using additional business subsidy funding. Priority will be given to projects providing direct monetary return on public funds invested.

- 4.09 Retail or service businesses will be considered for business subsidies when the project creates substantial quality employment and/or substantial tax base, provides necessary or desired products or services or redevelops blighted areas.

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The impact of the project on surrounding areas will be taken into consideration. Impacts include but are not limited to: pollution, traffic, sewer and water, parks, need for additional law enforcement, and need for additional publicly funded infrastructure.

Equal consideration will be given to both existing business expansion and new businesses locating in the county.

5.0 Other Requirements

A resolution of support from the city or township where the proposed project is located.

Generally, the maximum term of business subsidy is ten (10) years.

The county may limit the amount of the abatement to the following:

- a) to a specific dollar amount per year or in total
- b) to the increase in property taxes resulting from improvement of the property
- c) to the increases in property taxes resulting from increases in the market value or tax capacity of the property
- d) in any other manner the governing body of the subdivision determines is appropriate
- e) The political subdivision may not abate tax attributable to the value of the land or the area wide tax under Chapter 276A or 473F.

5.04 A written application on a form provided by the county shall be completed for each request. The Budget Committee of the County Board shall review each project and make a recommendation to the County Board on the granting of a business subsidy. The County Board will make the final decision on granting business subsidies.

5.05 Prior to approval of a business subsidies financing plan, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data that the county or its financial consultants may require in order to proceed with an independent review.

5.06 A minimum fee of \$300 will be assessed for each economic development application request submitted to the county.

5.07 All business subsidies approved by Waseca County shall require a resolution of the County Board, as well as a business subsidy

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agreement. The agreement shall specify in detail the terms and conditions of the subsidy and shall be signed by all parties before the subsidy is considered effective.

6.0 Proposed Developments Will Receive Additional Priority For:

Developments that create living wage jobs of at least \$2.00 per hour above minimum wage plus benefits.

Manufacturing, distribution, high tech, and firms which employ a majority of professional or skilled labor.

If business is at risk of locating outside the county.

Projects constructed of block, engineered concrete, brick or quality metal buildings (not pole) which contain decorative accessory materials (brick).